



MASTHEAD

INTENSIFIES EFFORTS TO KEEP BROKERS IN BUSINESS

Are you thinking of buying or selling a brokerage? Masthead, South Africa's largest network of independent brokers, is launching a service to facilitate the buying and selling of broker businesses as part of succession planning for broker businesses.

"One of Masthead's core objectives is to help broker members build capital value within their practices," said Ian Middleton, Masthead managing director. "In most instances, the capital value is realised only once a willing buyer purchases the business. Creating a facility to buy and sell is a natural progression towards turning this capital value into cash."

"We believe the value of a broker's business is determined by quantitative or financial elements, as well as qualitative factors such as business profile, risk management, business processes, systems and client transferability," said Middleton. "Masthead is uniquely positioned to have a 360 degree view of a brokerage, so we can apply sound business principles and rigorous risk management to ascertain value."

Masthead will identify areas for improvement within a target business, which gives the seller an opportunity to improve the marketability of the practice, and the buyer gets a detailed view of the business being bought. "It's a little like a seller

getting a house ready for sale," added Middleton.

Three groups have been identified in the buying and selling of broker businesses. Masthead's service will cater for them all.

The immediate buyers or sellers will know what they want and they've probably bought or sold a business before. In this case, the process of valuing a business begins once suitable parties are identified. When the base value of the business is established, the negotiation process starts between the two parties. Masthead can act as facilitator, ensuring both parties take all aspects of the deal into consideration.

The second group comprises brokers who wish to sell, but whose business needs 'renovation'. In this instance, Masthead can assist in getting the business ready before it is advertised for sale.

The last group who will find this service attractive is brokers who want a longer-term succession plan. "With our own members, we prefer to work on a systematic, well-planned transfer of their businesses," said Middleton. "This often means that we work over a number of years with the business before the sale or transfer is done."

According to Middleton, Masthead's relationship with members means it is able to match buyers and sellers on a more

personal level. "Taking into account the culture, people and operating style of a business, we try to find a suitable buyer that fits that particular profile. Acknowledging the impact of these factors upfront ensures greater success after the sale is concluded."

The service significantly benefits both the financial services industry and consumers. "By actively facilitating the buying and selling of brokerages, we ensure a sustainable channel of independent professional advisers. For consumers, it means they have access to quality financial advice businesses in a healthy competitive environment," said Middleton.

Once buyers or sellers have registered online, Masthead will assist the seller to find a suitable buyer, or identify a suitable brokerage for a buyer to consider. In both instances, the unique circumstances surrounding the deal are evaluated and an ideal match is sought within the database.

For more information, please contact a regional Masthead consultant or visit www.masthead.co.za.